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Calendar No. 28

102D CONGRESS
1st Session

SENATE

REPORT
102-18

AUTHORIZING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1991 FOR THE DEPARTMENT OF DEFENSE FOR OPERATION DESERT STORM, TO PROVIDE MILITARY PERSONNEL BENEFITS FOR MEMBERS OF THE ARMED FORCES PERFORMING SERVICE IN CONNECTION WITH OPERATION DESERT STORM, AND FOR OTHER PURPOSES

MARCH 6 (legislative day, FEBRUARY 6), 1991.—Ordered to be printed

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Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 578]

The Committee on Armed Services reports favorably an original bill to authorize supplemental appropriations for fiscal year 1991 for the Department of Defense for Operation Desert Storm, to provide military personnel benefits for members of the armed forces performing service in connection with Operation Desert Storm, and for other purposes, and recommends that the bill do pass.

PURPOSE OF THE BILL

This bill would:

(1) authorize supplemental appropriations for the incremental costs incurred by the Department of Defense as a result of Operation Desert Shield/Storm;

(2) adjust certain statutory personnel ceilings in view of the requirements of Operation Desert Shield/Storm;

(3) authorize personnel benefits for persons deployed to or called to active duty in connection with Operation Desert Shield/Storm;

(4) establish procedures for reporting on United States costs in connection with Operation Desert Storm and foreign contributions to offset such costs;

(5) provide for an assessment, after the cessation of hostilities, on the conduct of Operation Desert Storm; and

(6) make technical amendments to current law.

40-539

S203-9

COMMITTEE PROCEEDINGS

On February 22, 1991, the General Counsel of the Department of Defense forwarded to the Senate a proposed supplemental authorization bill for fiscal year 1991, which was referred to the Committee.

The committee held an open hearing on the fiscal year 1991 supplemental authorization for Operation Desert Storm on February 28, 1991, at which time it heard from Ronald A. Davidson, Assistant Deputy Comptroller, Department of Defense; General Gordon R. Sullivan, Vice Chief of Staff of the Army; Admiral J. L. Johnson, Vice Chief of Naval Operations; General John R. Dailey, Assistant Commandant of the Marine Corps; and General John M. Loh, Vice Chief of Staff of the Air Force. At this hearing, the witnesses discussed the additional funding required to support Operation Desert Storm, as well as proposals for legislative action.

TITLE I—SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1991

On January 12, 1991, Congress authorized the use of United States armed forces to reverse Iraq's illegal occupation of, and brutal aggression against, Kuwait, in accordance with resolutions of the United Nations Security Council. Hostilities commenced on January 17, 1991. On February 28, 1991, President Bush announced that Kuwait had been liberated, Iraq's army had been defeated, and that our military objectives had been met. Although offensive military actions have been suspended, details remain to be worked out on termination of the conflict and return of U.S. personnel to the United States.

The conflict has involved the largest deployment of United States military forces since the Vietnam War. There are currently over 541,000 United States military personnel deployed in the Persian Gulf region as part of Operation Desert Storm. President Bush has also exercised his authority under sections 673 and 673b of title 10, United States Code, to order over 225,000 members of the National Guard and Reserve to active duty to support this deployment.

The final costs of the conflict, as well as the costs of redeploying forces, remain to be determined. In recognition of the unusual and unanticipated nature of expenditures associated with Operation Desert Storm, last year's budget agreement provided that the incremental costs associated with Operation Desert Shield/Storm are considered emergency expenditures outside the deficit reduction enforcement procedures in the budget agreement.

The Administration has requested authority to spend funds from the Defense Cooperation Account that have been contributed or pledged by foreign countries. In addition, the Department has requested establishment of a Desert Shield Working Capital Account to be used in the event that such contributions are not available when expenditures must be made. The Committee has approved these requests with appropriate controls on expenditures to ensure that the funds are derived, to the maximum extent possible, from foreign contributions and that such funds are used only for the incremental costs of Operation Desert Shield/Storm.

In 1990, Congress established the Defense Cooperation Account to provide a mechanism for receiving and spending contributions for national defense purposes, including contributions from foreign countries. The law requires both an authorization and an appropriation prior to obligation of funds from the Defense Cooperation Account. All foreign contributions for the Persian Gulf conflict are placed in this account. In 1990, Congress authorized and appropriated $1 billion from the account for Operation Desert Shield/Storm.

According to the Administration, commitments from our allies now total $53.5 billion in cash and in-kind contributions, and we have received $14.9 billion in payments as of February 28, 1991. Although the total costs of the conflict have not yet been calculated, the Administration believes that the $53.5 billion could pay for 85 percent or more of the incremental costs of the war—those costs to the Department of Defense that would not have been incurred in the absence of the conflict.

Section 101 would establish, to the maximum extent possible, a mechanism to ensure that foreign contributions, rather than U.S. tax dollars, are used to pay for the costs of the war. This section would authorize appropriations of funds contributed to the Defense Cooperation Account to pay for the incremental costs of Operation Desert Shield (including Operation Desert Storm).

This section would also establish a Desert Storm Working Capital Account and authorize $15 billion to be appropriated to that account. The Administration has testified that such an account is necessary to ensure that funds will be available to meet urgent needs in the event that there are insufficient funds in the Defense Cooperation Account during the period between the making of pledges and the making of payments by foreign allies.

The legislation would make it clear that the $15 billion in the Working Capital Account may be used only to the extent that foreign contributions (i.e., funds in the Defense Cooperation Account) are not available to pay for the incremental costs of Operation Desert Shield/Storm. If funds are used from the $15 billion Working Capital Account, the Working Capital Account must be promptly replenished from contributions to the Defense Cooperation Account.

After all the incremental costs of Operation Desert Shield/Storm are paid, any balances remaining in the Working Capital Account would be returned to the Treasury.

Funds from the Defense Cooperation Account would be transferred by the Secretary of Defense to fiscal year 1991 authorizations otherwise available to the Department. If there are insufficient funds in the Defense Cooperation Account, funds from the Working Capital Account would be transferred to such authorizations.

This section would also authorize transfers between fiscal year 1991 Operation and Maintenance and Military Personnel accounts to pay for the incremental costs of Operation Desert Shield/Storm. The Defense Department has identified several hundred million dollars in costs for the National Guard and Reserve personnel who have been activated for this operation which would be transferred

from reserve Military Personnel accounts to active Military Personnel and Operation and Maintenance accounts.

The transfer authority in the legislation (from the Defense Cooperation Account, the Working Capital Account, or the Military Personnel and Operation and Maintenance accounts) would be in addition to the $3 billion transfer authority otherwise available to the Secretary of Defense under current law. A transfer under section 101 could take place only after the Secretary of Defense provides the Congress with a notification and a period of seven days elapses.

The notification must include: (1) a certification that the amounts proposed to be transferred will be used only to fund the incremental costs of Operation Desert Shield/Storm; (2) a list of the amounts to be transferred and the accounts to which the transfer will be made; and (3) a description of the programs,projects, and activities to which the funds are proposed to be transferred. If the transfer is from the Working Capital Account, the notification must also explain why foreign contributions have not provided sufficient funds to permit transfers from the Defense Cooperation Account.

On a monthly basis, the Comptroller of the Department of Defense would provide an accounting of transfers in a report to the Congress and the General Accounting Office.

TITLE II—WAIVER OF PERSONNEL CEILINGS AFFECTED BY OPERATION DESERT STORM

The Department of Defense requested authorities to waive certain military personnel end strengths and grade ceilings for fiscal year 1991 because of requirements resulting from Operation Desert Shield and Operation Desert Storm.

The Committee recognizes that the military services have had to retain certain military members on active duty and increase the number of accessions since the start of Operation Desert Shield. Therefore, the Committee does not expect the military services to be able to make the necessary personnel strength reductions anticipated in the fiscal year 1991 budget request and as required to achieve the end strengths prescribed for fiscal year 1991 in the National Defense Authorization Act for Fiscal Year 1991. The Committee also recognizes that temporary relief from certain statutory grade ceilings is appropriate to allow the military services to prudently manage the personnel inventory during the drawdown in the Persian Gulf. This will result in increased personnel costs during fiscal years 1991 and 1992, which represent incremental costs associated with Operation Desert Storm.

Section 201 of this bill would authorize the Secretaries of the military departments to waive the active duty, selected reserve, and reserve active duty end strengths prescribed for fiscal year 1991 in the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510). In addition, this section would authorize the Secretaries of the military departments to suspend, for fiscal year 1991, the ceilings prescribed in title 10 of the United States Code for active duty and full-time reserve enlisted personnel in the E-8 and E-9 grades; active duty and full-time reserve officer per-

sonnel in the field grades; and active duty officers in the general and flag officer grades.

The Committee expects the military services to use these authorities judiciously to avoid personnel turbulence and involuntary personnel actions that would otherwise be triggered by existing fiscal year 1991 end strength levels and grade ceilings.

The Committee recognizes that the exercise of these waivers, as a result of Operation Desert Shield, will cause the Department of Defense to begin fiscal year 1992 with an end strength in excess of the level projected prior to Operation Desert Storm. The effects of Operation Desert Storm are likely to require increases to the military strength levels proposed in the fiscal year 1992/1993 defense authorization request, which would represent incremental costs associated with Operation Desert Storm. In this regard, the Committee will review the need for such increases during its consideration of the fiscal year 1992/1993 defense authorization request in the coming months.

The Committee has included a provision in this section that would make it clear that increases in end strengths resulting from Operation Desert Storm waivers represent incremental costs associated with Operation Desert Storm for funding purposes. This provision would authorize the use of funds from the Defense Cooperation Account to pay for these incremental costs.

TITLE III—MILITARY PERSONNEL BENEFITS FOR MEMBERS OF THE ARMED FORCES SERVING DURING OPERATION DESERT STORM

The Committee recommends a number of provisions to provide supplemental benefits for military personnel serving during Operation Desert Storm and their families. The Committee makes these recommendations in recognition of the arduous nature of the deployment, assignments, and reserve callups associated with Operation Desert Storm. These provisions complement certain benefits authorized last year in the National Defense Authorization Act for Fiscal Year 1991.

Section 301 would temporarily increase the monthly rate of hostile fire or imminent danger pay for military personnel from $110.00 per month to $150.00 per month, retroactive to August 1, 1990. The Committee notes that the last time this pay was increased was in 1985. The increase proposed in this section would adjust this previous amount to match inflation. The Committee believes that military personnel deserve this increase in recognition of the dangerous circumstances related to Operation Desert Storm. The Committee intends to address the matter of making this increase permanent in future deliberations this year.

Section 302 would authorize health care personnel activated for or involuntarily retained on active duty in connection with Operation Desert Storm to be paid special and incentive pays, notwithstanding requirements regarding periods of active duty. The authority provided in this section would be retroactive to the beginning date of Operation Desert Shield, August 2, 1990, and is intended to provide for the equitable treatment of these personnel in relationship to their active component peers.

Section 303 would ensure that survivors of military members are entitled to the payment for the unused accrued leave of a member who dies while on active duty on the same basis as provided for members in section 1115 of the National Defense Authorization Act for Fiscal Year 1991.

Section 304 would exempt military personnel who are in a missing status from the $10,000 annual cap on the amount that individuals may save under the savings plan implemented by the Department of Defense for military personnel deployed in the Persian Gulf in Operation Desert Storm.

Section 305 would authorize the Secretaries of the military departments to recall military personnel to active duty, in connection with Operation Desert Storm, in the highest grades these personnel held satisfactorily while on previous active duty. Currently, retired personnel who are recalled to active duty must be recalled in their retired grade. There are some military personnel who have retired in a grade lower than the grade they held at the time of their retirement. This situation occurs when an individual chooses not to complete the service-in-grade rules for retirement in the grade they held. The Committee believes that the service-in-grade rules for retirement are appropriate. However, the Committee believes the Department of Defense should be given the flexibility to recall such individuals in the highest grade such individuals served in satisfactorily while on previous active duty as a matter of equity to fill requirements generated by Operation Desert Storm. This authority would be retroactive to the start of Operation Desert Shield, August 2, 1990.

Section 306 would temporarily increase the ceiling on the amount of death gratuity pay from $3,000 to $6,000 during the period of Operation Desert Shield/Storm, and establish this amount as the amount to be paid to all survivors of military personnel regardless of their grade. The Committee notes that the current formula provides that survivors of military personnel receive a death gratuity equal to six months of pay up to a maximum of $3,000 to assist in the settlement of funeral and other expenses. The $3,000 amount was established in 1956. Military pay increases since then have made the formula moot since 1986. From that year forward, the death gratuity pay has been paid at the $3,000 limit. The Committee believes this rate should be increased to $6,000 retroactive to the beginning of Operation Desert Shield, August 2, 1990. The Committee intends to address the matter of making this change permanent in deliberations later this year.

Section 307 would authorize reservists activated in connection with Operation Desert Storm 60 days of transitional medical coverage as provided for in section 1145 of title 10 of the United States Code following their release from active duty. The Committee believes this transition provision is necessary to provide activated reserve members who are released from active duty, and who do not have a civilian job to return to that would afford them medical insurance coverage, the safety net of 60 days of medical coverage under the military health care system.

Section 308 would delay the effective date of the reduction in CHAMPUS mental health benefits required by section 703 of the National Defense Authorization Act for Fiscal Year 1991, and the

companion provision of the Department of Defense Appropriations Act, 1991, from February 15, 1991 to February 15, 1992. The Committee believes that these benefits should not be reduced during a period when the requirement for dependent mental health care is increasing because of the stresses of Operation Desert Storm.

Section 309 would authorize to be appropriated from the Defense Cooperation Account such sums as may be necessary for the pay, allowances and benefits authorized in sections 301–308. Such sums would be in addition to the amounts that would be authorized to be appropriated under section 101(a) of this act. The benefits provided in these sections, which are limited to the period of the deployment, redeployment, and transition from Operation Desert Shield/Storm, reflect the special circumstances facing military personnel and their families, both with respect to those in the Persian Gulf and those supporting the effort at military installations throughout the world. These benefits are provided in recognition of the unique circumstances that would not have confronted our men and women in uniform and their families but for Operation Desert Shield/Storm. They reflect incremental costs of the Operation which should be funded through the Defense Cooperation Account.

Section 321 would provide that of the funds authorized to be appropriated to the Department of Defense from the Defense Cooperation Account for fiscal year 1991, $20 million would be available to provide for child care assistance to military personnel serving on active duty. The assistance authorized by this section would be directed primarily toward providing needed child care services for children of military personnel who are serving in the Persian Gulf area or who have been otherwise deployed, assigned or ordered to active duty in connection with Operation Desert Storm.

Section 322 would provide that of the funds authorized to be appropriated to the Department of Defense from the Defense Cooperation Account for fiscal year 1991, $30 million would be available to provide education and family support services to families of military personnel serving on active duty in order to ensure that such families can deal with needs arising out of the Persian Gulf War. The assistance authorized by this section would allow the Secretary to provide such assistance directly to families of military personnel or through grants, contracts, or other forms of assistance to private or public entities.

TITLE IV—PROCEDURES FOR REPORTING ON COSTS OF OPERATION DESERT STORM

The costs of Operation Desert Storm are being funded through a unique combination of direct appropriations, appropriations from the Defense Cooperation Account, in-kind contributions from foreign nations, and host nation support. Title IV would provide a means of accounting for expenditures and sources of funding related to Operation Desert Storm.

Section 401 would require the Office of Management and Budget to provide the Congress with monthly reports on the costs of U.S. military operations connected with the war in the Persian Gulf. The costs would be displayed in eight different categories: airlift,

sealift, personnel costs, personnel support, operating support, fuel, procurement, and military construction.

Section 401 would also require monthly reports on allied contributions to offset the costs of U.S. military operations. The Department of Defense is currently providing this information to Congress on a monthly basis. This legislation would also require a report on allied pledges of support, either as cash or in-kind.

Section 402 would require reports on related burdensharing not directly involving the United States. The Secretary of State and the Secretary of Treasury would be required to report on participation in the military coalition as well as on economic aid to front-line states, refugee assistance, and financial support for the military efforts of other allied nations.

TITLE V—DEPARTMENT OF DEFENSE REPORT ON THE CONDUCT OF OPERATION DESERT STORM

Operation Desert Storm is the most significant military activity involving the armed forces of the United States since the war in Vietnam. The successful conduct of the conflict reflects great credit on the entire defense establishment. The lessons learned from the strategy, tactics, logistics, personnel policies, and other aspects of the conflict will have a major impact on the decisions in this and future years about our national defense posture. Section 501 would require the Department of Defense to make an assessment, after the cessation of hostilities, on the conduct of Operation Desert Shield/Storm.

The Future Years Defense Plan presented by the Administration reflects a five-year build-down that will significantly reduce the defense establishment. It is essential that we carefully assess the lessons of Operation Desert Storm so that we can implement that reduction in a manner that enables the United States, when the build-down is completed, to mount the type of effort undertaken in Operation Desert Shield/Storm.

TITLE VI—TECHNICAL AMENDMENTS

Section 601 contains routine amendments to correct provisions in the National Defense Authorization Act for Fiscal Year 1991 and related provisions of law.

TITLE VII—DEFINITIONS

Section 701 defines key terms used in this legislation, such as the "Persian Gulf War," "Operation Desert Storm," and "incremental costs associated with Operation Desert Storm."

DEPARTMENTAL RECOMMENDATION

On February 22, 1991, the General Counsel of the Department of Defense forwarded to the President of the Senate the following letter proposing legislation "To authorize urgent supplemental appropriations for fiscal year 1991 for the Department of Defense, and for other purposes."

DEPARTMENT OF DEFENSE,
OFFICE OF THE GENERAL COUNSEL
Washington, D.C., February 22, 1991.

Hon. DAN QUAYLE,
President of the Senate,
Washington, D.C. 20510

Dear Mr. President:

There is forwarded herewith legislation, "To authorize supplemental appropriations for fiscal year 1991 in connection with operations in and around the Persian Gulf presently known as operation Desert Shield/Storm, and for other purposes."

This legislative proposal is part of the Department of Defense legislative program for the 102nd Congress. The Office of Management and Budget advises that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President.

Title I "Authorization of Appropriations" consists of two provisions. The first authorizes the appropriation of $15,000,000,000 for the Desert Shield Working Capital Account requested to be appropriated in the President's supplemental budget request for fiscal year 1991. The second authorizes the appropriation of balances in the Defense Cooperation Account and, the appropriation of funds credited to the Defense Cooperation Account during fiscal year 1991.

Title II consists of two general provisions. Section 201 amends the provisions of section 1113(a) of the Fiscal Year 1991 Authorization Act, which provided end strength flexibility in connection with Operation Desert Shield with respect to the end strengths of active duty personnel, by adding provisions providing for similar authority with respect to the end strengths of the Reserve components and for the number of members of the National Guard and Reserve serving on active duty in connection with the administration and management of the National Guard and Reserve. Section 202 amends the provisions of section 517 of title 10, United States Code which establishes ceilings on the number of senior enlisted personnel who may be serving on active duty by adding a provision permitting suspension of those ceilings during a time of war or national emergency declared by the Congress or the President.

Enactment of this legislation is of great importance to the Department of Defense and the Department urges its speedy and favorable consideration. The Department will be pleased to provide whatever additional information you need in connection with the consideration of this proposal.

Sincerely,

TERRENCE O'DONNELL.

A BILL

To authorize supplemental appropriations for fiscal year 1991 in connection with operations in and around the Persian Gulf presently known as Operation Desert Shield/Storm, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That this Act may be cited as the "Dire Emergency Persian Gulf Desert Shield/Storm Supplemental Authorization Act, 1991".

TITLE I—AUTHORIZATION OF APPROPRIATIONS

SEC. 101 DESERT SHIELD WORKING CAPITAL ACCOUNT.

In addition to the amounts authorized to be appropriated under the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1485), for incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield/Storm, $15,000,000,000, is hereby authorized to be appropriated during fiscal year 1991 for the Desert Shield Working Capital Account.

SEC. 102. FUNDS IN THE DEFENSE COOPERATION ACCOUNT.

In addition to the amounts authorized to be appropriated from the Defense Cooperation Account under section 1408 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1681), there is hereby authorized to be appropriated for fiscal year 1991 from the Defense Cooperation Account established under section 2608 of title 10, United States Code, the balances in, and amounts credited to, the Defense Cooperation Account during fiscal year 1991 for incremental costs of operations in and around the Persian Gulf presently known as Operation Desert Shield/Storm.

TITLE II—GENERAL PROVISIONS

SEC. 201. INCREASED END STRENGTH FLEXIBILITY.

Section 1117(a) of the National Defense Authorization Act, 1991 (Public Law 101-510; 104 Stat. 1637) is amended to read as follows:

"(a) AUTHORITY.—If the Secretary of Defense determines that the operational requirements of operations in and around the Persian Gulf presently known as Operation Desert Shield/Storm require an increase in the end strengths for fiscal year 1991 authorized for members serving on active duty or in support of the Reserves prescribed by sections 401 and 412 in excess of the increases authorized under section 115(c)(1) of title 10, United States Code (as amended by section 1483 of this Act), or require an increase in the end strengths for fiscal year 1991 for the Selected Reserve authorized by section 411, the Secretary may, subject to subsection (b), increase the total end strengths authorized by sections 401, 411, and 412 for fiscal year 1991 to meet operational requirements of operations in and around the Persian Gulf presently known as Operation Desert Shield/Storm. With respect to the end strengths authorized by sections 401 and 412, the authority under the preceding sentence is in addition to the authority under section 115(c)(1) of title 10, United States Code (as amended by section 1483 of this Act).".

SEC. 202. RELIEF FROM ENLISTED GRADE STRENGTH CEILINGS.

Section 517 of title 10, United States Code is amended by adding the following new subsection at the end thereof:

"(d) In time of war, or of national emergency declared by the Congress or the President, the President may suspend the operation of this section. So long as such war or national emergency continues, any such suspension may be extended by the President. Any such suspension shall, if not sooner ended or extended, end on the last day of the two-year period beginning on the date on which the suspension (or the last extension thereof) takes effect or on the last day of the one-year period beginning on the date of the termination of the war or national emergency, whichever occurs first. With respect to the end of any such suspension, the preceding sentence supersedes the provisions of title II of the National Emergencies Act (50 U.S.C. 1621–1622) which provide that powers or authorities exercised by reason of a national emergency shall cease to be exercised after the date of the termination of the emergency."

COMMITTEE ACTION

In accordance with the Legislative Reorganization Act of 1946, as amended by the Legislative Reorganization Act of 1970, there is set forth below the committee vote to report a bill to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield and Operation Desert Storm, and for other purposes.

In favor: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Warner, Thurmond, Cohen, McCain, Wallop, Lott, Coats, Mack, and Smith.

Opposed: None.

Vote: 19–0.

The other roll call votes on amendments to the bill which were considered during the course of the mark-up have been made public and are available at the Committee.

FISCAL DATA

Section 252 of the Legislative Reorganization Act of 1970 requires that the report accompanying each bill reported by a Senate committee contain certain information on five-year cost projections.

The letters received in compliance with this statutory requirement are shown below.

CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Robert D. Reischauer
Director

March 6, 1991

Honorable Sam Nunn
Chairman
Committee on Armed Services
United States Senate
Washington, 20510

Dear Mr. Chairman:

The Congressional Budget Office has reviewed the Department of Defense Supplemental Authorization Act for Fiscal Year 1991, as ordered reported by the Senate Committee on Armed Services on March 5, 1991.

This bill would affect direct spending. Therefore, its costs are subject to the pay-as-you-go procedures set up on Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

James L. Blum

for Robert D. Reischauer

cc: Honorable John W. Warner
Ranking Minority Member

Congressional Budget Office
Cost Estimate

March 6, 1991

1. **BILL NUMBER:** Unassigned

2. **BILL TITLE:**

Department of Defense Supplemental Authorization Act for Fiscal Year 1991.

3. **BILL STATUS:**

As ordered reported by the Senate Committee on Armed Services on March 5, 1991.

4. **BILL PURPOSE:**

The bill would authorize supplemental appropriations for fiscal year 1991 for the Department of Defense, make adjustments in certain personnel ceilings, provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield and Operation Desert Storm, and establish procedures for reporting on matters connected with Operation Desert Shield and Operation Desert Storm.

5. **ESTIMATED COST TO THE FEDERAL GOVERNMENT:**

(By fiscal year, in millions of dollars)

	1991	1992	1993	1994	1995
Direct Spending					
Medical Special Pay					
Estimated Budget Authority	11	0	0	0	0
Estimated Outlays	11	0	0	0	0
Imminent Danger Pay					
Estimated Budget Authority	112	0	0	0	0
Estimated Outlays	112	0	0	0	0
Pay of Recalled Retirees					
Estimated Budget Authority	*	*	*	*	*
Estimated Outlays	*	*	*	*	*
Death Gratuity					
Estimated Budget Authority	4	0	0	0	0
Estimated Outlays	4	0	0	0	0
Total Direct Spending					
Estimated Budget Authority	127	0	0	0	0
Estimated Outlays	127	0	0	0	0

(Continued)

Table Continued	1991	1992	1993	1994	1995
Authorizations of Appropriations					
Spending of Allied Contributions					
Estimated Auth. Level	15,000	0	0	0	0
Estimated Outlays	12,000	2,385	390	225	0
Spending of U.S. Contributions					
Estimated Auth. Level	15,000	0	0	0	0
Estimated Outlays	12,000	2,385	390	225	0
Additional Transfer Authority					
Estimated Auth. Level	0	0	0	0	0
Estimated Outlays	5	-3	-2	0	0
Waiver of End Strength Law					
Estimated Auth. Level	1,180	0	0	0	0
Estimated Outlays	841	44	0	0	0
Child Care Assistance					
Estimated Auth. Level	20	0	0	0	0
Estimated Outlays	16	4	0	0	0
Education and Support Services					
Estimated Auth. Level	30	0	0	0	0
Estimated Outlays	24	6	0	0	0
Medical Special Pay					
Estimated Auth. Level	8	1	0	0	0
Estimated Outlays	8	1	0	0	0
Imminent Danger Pay					
Estimated Auth. Level	84	13	0	0	0
Estimated Outlays	84	13	0	0	0
Death Gratuity					
Estimated Auth. Level	3	1	0	0	0
Estimated Outlays	3	1	0	0	0
CHAMPUS Coverage					
Estimated Auth. Level	50	17	0	0	0
Estimated Outlays	30	33	3	0	0
Medical Benefits					
Estimated Auth. Level	36	18	0	0	0
Estimated Outlays	18	32	5	0	0

(Continued)

Table Continued	1991	1992	1993	1994	1995
Total Authorizations of Appropriations					
Estimated Auth. Level	31,411	50	0	0	0
Estimated Outlays	25,028	4,900	786	450	0

* Less than $500 thousand.
Costs of this bill affect functions 050, 600, and 950.

Basis for Estimate

All estimates assume that funds will be appropriated for the full amount of the authorizations and will be available upon enactment of the bill. The estimates assume enactment on April 1, 1991. Outlays are estimated based on historical outlay rates. The deployment of personnel to the Persian Gulf area is assumed to remain at the current level through March 31, 1991. Troops then leave the area at a constant rate through December 31, 1991.

Direct Spending

Section 301 of the bill increases the amount of monthly payment for duty subject to imminent danger from $110 to $150, effective August 1, 1990. This change would increase costs by $196 million in 1991 and $13 million in 1992. The 1991 increase includes $112 million in direct spending for the payments earned before enactment of the legislation. The remaining $97 million for 1991-1992 would be authorized to be appropriated in addition to other authorizations in the bill.

Section 302 extends certain special and incentive pay to several groups of medical personnel deployed as a result of Operation Desert Storm. These groups include retirees recalled to active duty, physicians prevented from leaving military service following expiration of their service obligation, and certain non-physician health-related reserve personnel called to active duty. This provision is effective as of August 2, 1990. It would increase costs by $19 million in 1991, of which $11 million would have been earned prior to the assumed enactment date and would constitute direct spending. The remaining $8 million, as well as an additional $1 million in 1992, would be authorized to be appropriated in addition to other authorizations in the bill.

Section 305 allows certain military retirees returning to active duty to return at the highest rank that they had previously held. In addition, these retirees, upon re-retirement, would be eligible to receive retired pay at the higher grade if they served in that grade for six months or more. This provision is effective as of August 2, 1990. All pay costs of eligible individuals incurred prior to enactment, as well as the future higher retired pay they would receive, would constitute direct spending. Nevertheless, the number of individuals affected is small and the total cost of this provision would be less than $1 million.

The bill provides for an increase of $3,000 in the gratuity that the Department of Defense pays to survivors of servicemembers who die on active duty. This provision is effective August 2, 1990, so the payments for deaths that occurred prior to enactment would constitute direct spending. Based on average death

rates for recent years, this provision would cost $7 million in 1991, of which $4 million would constitute direct spending.

Authorizations of Appropriations

Section 101 authorizes supplemental appropriations to cover unanticipated costs of Operation Desert Shield/Storm. The bill authorizes appropriations of any funds contributed by U.S. allies to defraying these costs. The CBO baseline assumes that the United States will receive $15 billion in cash contributions in 1991; this is the same amount assumed in the Administration's budget submission of February 4, 1991. Actual contributions to date total $14 billion and other nations have pledged about $50 billion. Consequently, the baseline and budget estimates may be too low. The bill would also authorize $15 billion of U.S. contributions to cover the unanticipated costs.

Section 101 also would authorize transfers of funds from the military pay accounts for the reserve components of the DoD to the military pay and operations and maintenance accounts of the active components. The estimate assumes that most of the transfers are made to the faster spending military pay accounts raising outlays slightly in 1991 but netting to zero over three years.

Section 201 of the bill provides the secretaries of the military departments with the authority to waive the 1991 end strength prescribed by the National Defense Authorization Act of 1991. Current law would reduce personnel levels by 100,000 compared to planned 1990 levels. Funds appropriated for 1991 assumed that such reductions took place. Nevertheless, it is likely that some of the reductions will be postponed or canceled as a result of personnel management actions undertaken during Operation Desert Storm, resulting in increased costs during 1991. In particular, a "stop-loss" program has been implemented which prevents personnel in certain critical specialties from leaving military service. If end strength trends continue as they have for the first 4 months of 1991, only 10,000 of the required reduction will have been attained by the end of the year. This would raise costs by $1.5 billion, of which $0.3 billion is authorized by waiver authority that exists under current law. The remaining $1.2 billion would be authorized by the waiver provided in this bill. If the "stop-loss" program is discontinued, resulting in a large number of separations of involuntarily retained personnel, costs would be smaller. The Department of Defense is unable to provide information about when that program might end, however, and CBO is unable to estimate any impact such a change would have on end strengths.

Section 321 authorizes appropriations of $20 million to the Defense Cooperation Account for the purpose of providing assistance to families of members of the Armed Forces serving on active duty in order to ensure that the children of such families obtain needed child care services. The families affected would be primarily those of personnel serving in connection with Operation Desert Storm.

Section 322 authorizes appropriations of $30 million to the Defense Cooperation Account for the purpose of providing education and family support services, including counseling, training, and other assistance, to the family members of certain personnel serving in connection with Operation Desert Storm or other operational contingencies.

The bill also provides temporary medical coverage upon deactivation for reservists called to active duty during the Persian Gulf conflict. This estimate assumes that the number of reserves called to active duty remains at the current level through March 31, 1991 and that reservists are then deactivated at a constant rate through December 31, 1991. The estimate also assumes that approximately one-third of such individuals would not be covered by employment-related insurance following their release from active duty and subsequent return to private employment. The cost of this provision would be $36 million in 1991 and $18 million in 1992.

The bill postpones certain reductions in CHAMPUS mental health benefits that are scheduled to become effective during fiscal year 1991. This change would cost money because these changes would have otherwise resulted in CHAMPUS program savings. The bill postpones the changes in coverage for one year. Costs would increase by $50 million in 1991 and $17 million in 1992.

6. **PAY-AS-YOU-GO CONSIDERATIONS:**

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you go procedures for legislation affecting direct spending or receipts through 1995. The benchmark against which changes in direct spending or receipts are measured is the baseline as described in Section 257 of the 1985 law. The direct spending costs of the bill as shown below are not included in that baseline and therefore are subject to the pay-as-you-go procedures.

(By fiscal year, in millions of dollars)

	1991	1992	1993	1994	1995
Outlays	127	0	0	0	0
Receipts	Not Applicable				

7. **ESTIMATED COST TO STATE AND LOCAL GOVERNMENT:** None

8. **ESTIMATE COMPARISON:** None

9. **PREVIOUS CBO COST ESTIMATE:** None

10. **ESTIMATE PREPARED BY:** Eugene Bryton (202) 226-2840
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11. **ESTIMATE APPROVED BY:**

for James L. Blum
Assistant Director for
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REGULATORY IMPACT

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that a report on the regulatory impact of a bill be included in the report on the bill. The committee finds that there is no regulatory impact in the case of the bill reported by the Committee.

CHANGES IN EXISTING LAW

Pursuant to the provisions of paragraph 12 of rule XXVI of the Standing Rules of the Senate, the changes in existing law made by certain portions of the bill have not been shown in this section of the report because, in the opinion of the committee, it is necessary to dispense with showing such changes in order to expedite the business of the Senate and reduce the expenditure of funds.